

AMENDED IN ASSEMBLY JANUARY 23, 2014

AMENDED IN ASSEMBLY JANUARY 9, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## ASSEMBLY BILL

**No. 330**

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**Introduced by Assembly Member Chau**

February 13, 2013

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An act to amend Sections 69433.2, 94910, and 94929.5 of the Education Code, relating to student financial aid.

### LEGISLATIVE COUNSEL'S DIGEST

AB 330, as amended, Chau. Student financial aid: disclosures.

(1) Existing law establishes the Cal Grant Program under the administration of the Student Aid Commission, and establishes eligibility requirements for awards under the program for participating students attending qualifying institutions. As a condition for participation in the program, existing law requires each Cal Grant participating institution to annually report specified information to the commission, which the commission is required to provide on its Internet Web site in a searchable database.

This bill would include license examination passage rates, the institution's latest 3-year cohort default rate, the institution's percentage of undergraduate student borrowers, and certain other student loan debt information concerning ~~graduates~~ *full-time, first-time degree- or certificate-seeking undergraduate students* of the institution in the information that a participating institution is required to report and the commission is required to provide on its Internet Web site.

(2) Existing law, the California Private Postsecondary Education Act of 2009, which is repealed pursuant to its own provisions on January

1, 2015, provides, among other things, for student protections and regulatory oversight of private postsecondary schools in the state. The act is enforced by the Bureau for Private Postsecondary Education within the Department of Consumer Affairs. The act exempts specified institutions from all, or a portion of, its provisions. The act requires an institution to provide a prospective student prior to enrollment with a School Performance Fact Sheet, which is required to contain specified information relating to the educational program.

This bill would require the School Performance Fact Sheet to also include certain student loan debt information concerning ~~graduates~~ *full-time, first-time degree- or certificate-seeking undergraduate students* of the institution who have entered into student loans, as specified, while attending the institution.

These provisions concerning the School Performance Fact Sheet would become operative only if an act that becomes operative on or before January 1, 2015, delays or eliminates the January 1, 2015, repeal date of the California Private Postsecondary Education Act of 2009.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 69433.2 of the Education Code is  
2     amended to read:  
3     69433.2. (a) As a condition for its voluntary participation in  
4     the Cal Grant Program, each Cal Grant participating institution  
5     shall annually report to the commission, and as further specified  
6     in the institutional participation agreement, all of the following  
7     for its undergraduate programs:  
8     (1) Enrollment, persistence, and graduation data for all students,  
9     including aggregate information on Cal Grant recipients.  
10    (2) The job placement rate and salary and wage information for  
11    each program that is either designed or advertised to lead to a  
12    particular type of job or advertised or promoted with a claim  
13    regarding job placement.  
14    (3) License examination passage rates, ~~as required~~ *reported to*  
15    *the commission* pursuant to subparagraph (A) of paragraph (2) of  
16    subdivision (l) of Section 69432.7.

1 (4) The institution's latest three-year cohort default rate, as  
2 ~~required~~ *certified by the commission* pursuant to subparagraph (A)  
3 of paragraph (3) of subdivision (l) of Section 69432.7.

4 (5) The institution's percentage of undergraduate student  
5 borrowers as reported pursuant to subparagraph (H) of paragraph  
6 (3) of subdivision (l) of Section 69432.7.

7 (6) (A) Student loan debt information concerning ~~graduates~~  
8 *full-time, first-time degree- or certificate-seeking undergraduate*  
9 *students* of the institution, as calculated pursuant to subdivision  
10 (c).

11 (B) The University of California and the California State  
12 University may comply with this paragraph by including student  
13 loan debt information, as calculated pursuant to subdivision (c),  
14 in their respective *final* annual financial aid reports, as completed  
15 pursuant to Section 66021.1, and providing a copy of the report  
16 to the commission.

17 (C) *Campuses of the California Community Colleges are exempt*  
18 *from complying with this paragraph.*

19 (b) Commencing the year after the commission begins to receive  
20 reports pursuant to subdivision (a), the commission shall provide  
21 both of the following on its Internet Web site:

22 (1) The information submitted by a Cal Grant participating  
23 institution pursuant to subdivision (a), which shall be made  
24 available in a searchable database.

25 (2) Other information and links that are useful to students and  
26 parents who are in the process of selecting a college or university.  
27 This information may include, but not be limited to, local  
28 occupational profiles available through the Employment  
29 Development Department's Labor Market Information Data  
30 Library.

31 (c) ~~Student~~ *Undergraduate student* loan debt information  
32 concerning ~~graduates~~ *of student borrowers who received a*  
33 *certificate, associate's degree, or bachelor's degree from a Cal*  
34 *Grant participating institution shall be calculated and reported as*  
35 *follows:*

36 (1) The institution shall calculate the number of students who  
37 started as *full-time, first-time* ~~postsecondary~~ *degree or*  
38 *certificate-seeking undergraduate* students at the institution, and  
39 who received a certificate, associate's degree, or bachelor's degree  
40 during that academic year.

(2) (A) The institution shall calculate the number and percentage of the students identified pursuant to paragraph (1) who borrowed at any time while enrolled at the institution through any student loan program, including, but not necessarily limited to, institutional loans, state loans, *private loans that were certified by the institution*, federal Perkins loans, federal Stafford subsidized and unsubsidized loans, ~~and private loans that were certified by the institution, including both~~ federal direct student loans, and federal family education loans.

(B) The institution shall calculate the total principal borrowed in those loans described in subparagraph (A).

(3) (A) The institution shall calculate the number and percentage of the students identified pursuant to paragraph (1) who borrowed at any time while enrolled at the institution through a federal student loan program, including, but not necessarily limited to, federal Perkins loans, federal Stafford subsidized and unsubsidized loans, federal direct student loans, and federal family education loans, but excluding institutional loans, state loans, ~~and~~ private loans, *and parental loans*.

(B) The institution shall calculate the total principal borrowed in those loans described in subparagraph (A).

(4) The institution shall report both of the following to the commission:

(A) The percentages *of student borrowers* calculated pursuant to paragraphs (2) and (3).

(B) The average certificate- or degree-seeking student cumulative principal borrowed by those students counted pursuant to paragraphs (2) and (3), calculated by dividing the sum identified in subparagraph (B) of each of those paragraphs by the number of students receiving the loans described in the respective paragraphs. The institution shall report average loan debt information for *Cal Grant participating* certificate, associate's degree, and bachelor's degree programs separately.

(5) For purposes of this subdivision, "loans" shall include cosigned loans that financed a student's own enrollment or attendance, but shall not include parental loans *and loans where a person other than the student is the principal borrower*.

SEC. 2. Section 94910 of the Education Code is amended to read:

1 94910. Prior to enrollment, an institution shall provide a  
2 prospective student with a School Performance Fact Sheet  
3 containing, at a minimum, the following information as it relates  
4 to the educational program:

5 (a) Completion rates, as calculated pursuant to Article 16  
6 (commencing with Section 94928).

7 (b) Placement rates for each educational program, as calculated  
8 pursuant to Article 16 (commencing with Section 94928), if the  
9 educational program is designed to lead to, or the institution makes  
10 any express or implied claim related to preparing students for, a  
11 recognized career, occupation, vocation, job, or job title.

12 (c) License examination passage rates for programs leading to  
13 employment for which passage of a state licensing examination is  
14 required, as calculated pursuant to Article 16 (commencing with  
15 Section 94928).

16 (d) Salary or wage information, as calculated pursuant to Article  
17 16 (commencing with Section 94928).

18 (e) If a program is too new to provide data for any of the  
19 categories listed in this subdivision, the institution shall state on  
20 its fact sheet: "This program is new. Therefore, the number of  
21 students who graduate, the number of students who are placed, or  
22 the starting salary you can earn after finishing the educational  
23 program are unknown at this time. Information regarding general  
24 salary and placement statistics may be available from government  
25 sources or from the institution, but is not equivalent to actual  
26 performance data."

27 (f) All of the following:

28 (1) A description of the manner in which the figures described  
29 in subdivisions (a) to (d), inclusive, are calculated or a statement  
30 informing the reader of where he or she may obtain a description  
31 of the manner in which the figures described in subdivisions (a)  
32 to (d), inclusive, are calculated.

33 (2) A statement informing the reader of where he or she may  
34 obtain from the institution a list of the employment positions  
35 determined to be within the field for which a student received  
36 education and training for the calculation of job placement rates  
37 as required by subdivision (b).

38 (3) A statement informing the reader of where he or she may  
39 obtain from the institution a list of the objective sources of

1 information used to substantiate the salary disclosure as required  
2 by subdivision (d).

3 (g) The following statements:

4 (1) "This fact sheet is filed with the Bureau for Private  
5 Postsecondary Education. Regardless of any information you may  
6 have relating to completion rates, placement rates, starting salaries,  
7 or license exam passage rates, this fact sheet contains the  
8 information as calculated pursuant to state law."

9 (2) "Any questions a student may have regarding this fact sheet  
10 that have not been satisfactorily answered by the institution may  
11 be directed to the Bureau for Private Postsecondary Education at  
12 (address), Sacramento, CA (ZIP Code), (Internet Web site address),  
13 (telephone and fax numbers)."

14 (h) If the institution participates in federal financial aid  
15 programs, the most recent three-year cohort default rate reported  
16 by the United States Department of Education for the institution,  
17 the percentage of enrolled students receiving federal student loans,  
18 and the average student loan debt of graduates of the institution  
19 calculated pursuant to Article 16 (commencing with Section  
20 94928).

21 SEC. 3. Section 94929.5 of the Education Code is amended to  
22 read:

23 94929.5. (a) An institution shall annually report to the bureau,  
24 as part of the annual report, and shall publish in its School  
25 Performance Fact Sheet, all of the following:

26 (1) The job placement rate, calculated by dividing the number  
27 of graduates employed in the field by the number of graduates  
28 available for employment for each program that is either ~~(1)~~ (A)  
29 designed, or advertised, to lead to a particular career, or ~~(2)~~ (B)  
30 advertised or promoted with any claim regarding job placement.

31 (2) The license examination passage rates for the immediately  
32 preceding two years for programs leading to employment for which  
33 passage of a state licensing examination is required, calculated by  
34 dividing the number of graduates who pass the examination by the  
35 number of graduates who take the licensing examination the first  
36 time that the examination is available after completion of the  
37 educational program. The institution shall use state agency  
38 licensing data to calculate license examination passage rates. If  
39 those data are unavailable, the institution shall calculate the license

1 examination passage rate in a manner consistent with regulations  
2 adopted by the bureau.

3 (3) Salary and wage information, consisting of the total number  
4 of graduates employed in the field and the annual wages or salaries  
5 of those graduates stated in increments of five thousand dollars  
6 (\$5,000).

7 (4) (A) If applicable, the most recent official three-year cohort  
8 default rate reported by the United States Department of Education  
9 for the institution, the percentage of enrolled students receiving  
10 federal student loans, and the average student loan debt of graduates  
11 of the institution.

12 (B) The student loan debt information concerning ~~graduates~~  
13 *full-time, first-time degree- or certificate-seeking undergraduate*  
14 *students* of the institution shall be calculated and reported as  
15 follows:

16 (i) The institution shall calculate the number of students  
17 receiving student loans who started as *full-time, first-time*  
18 ~~postsecondary~~ *degree- or certificate-seeking undergraduate*  
19 students at the institution, and who received a certificate,  
20 associate's degree, or bachelor's degree during that academic year.

21 (ii) (I) The institution shall calculate the number and percentage  
22 of the students identified pursuant to clause (i) who borrowed at  
23 any time while enrolled at the institution through any student loan  
24 program, including, but not necessarily limited to, institutional  
25 loans, state loans, federal Perkins loans, federal Stafford subsidized  
26 and unsubsidized loans, and private loans that were certified or  
27 known by the institution, including both federal direct student  
28 loans and federal family education loans.

29 (II) The institution shall calculate the total principal borrowed  
30 in those loans described in subclause (I).

31 (iii) (I) The institution shall calculate the number and percentage  
32 of the students identified pursuant to clause (i) who borrowed at  
33 any time while enrolled at the institution through a federal student  
34 loan program, including, but not necessarily limited to, federal  
35 Perkins loans, federal Stafford subsidized and unsubsidized loans,  
36 federal direct student loans, and federal family education loans,  
37 but excluding institutional loans, state loans, and private loans.

38 (II) The institution shall calculate the total principal borrowed  
39 in those loans described in subclause (I).

(iv) The institution shall report to the bureau and on the School Performance Fact Sheet both of the following:

(I) The percentages calculated pursuant to clauses (ii) and (iii).

(II) The average per-undergraduate cumulative principal borrowed by those students counted pursuant to clauses (ii) and (iii), calculated by dividing the sum identified in subclause (II) of each of those clauses by the number of students receiving the loans described in the respective clause. The institution shall report average loan debt information for certificate, associate degree, and baccalaureate degree programs separately.

(v) For purposes of this paragraph, “loans” shall include cosigned loans that financed the student’s own enrollment or attendance, but shall not include parental loans *and loans where a person other than the student is the principal borrower*.

(b) Nothing in this section shall limit the bureau’s authority to collect information from an institution to comply with this section and ensure, by regulation and other lawful means, that the information required by this section, and the manner in which it is collected and reported, is all of the following:

(1) Useful to students.

(2) Useful to policymakers.

(3) Based upon the most credible and verifiable data available.

(4) Does not impose undue compliance burdens on an institution.

SEC. 4. Sections 2 and 3 of this act shall become operative only if an act that becomes operative on or before January 1, 2015, amends or repeals Section 94950 of the Education Code to delay or eliminate the January 1, 2015, repeal date of the California Private Postsecondary Education Act of 2009 (Chapter 8 (commencing with Section 94800) of Part 59 of Division 10 of Title 3 of the Education Code).